

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
**HISTORICAL PRESERVATION & HERITAGE COMMISSION**

Old State House - 150 Benefit Street - Providence, RI 02903

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NEWS Emergency Regulations Incorporate Changes in Rhode Island Historic  
Preservation Investment Tax Credit Law

4/15/2008

Today, RIHPHC and the Division of Taxation concurrently filed Emergency Regulations to implement changes in the historic preservation tax credit law. These regulations take effect immediately. During the next four months, permanent regulations will be adopted by RIHPHC and the Division of Taxation in accordance with the Administrative Procedures Act. Prior to adopting permanent regulations, public notice will be published and public comments will be taken at an advertised public hearing.

The Division of Taxation will contact Owners of historic rehabilitation projects that are eligible to continue in the revised program, and provide information about entering into a contract with the Tax Division before May 15, 2008. We expect that the Division of Taxation will also post information on the Taxation web site

In the meantime, RIHPHC would welcome comments and suggestions on the regulations. Comments should be addressed to  
Edward F. Sanderson, Executive Director  
Rhode Island Historical Preservation & Heritage Commission  
The Old State House  
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Providence, RI 02903

Here is a summary of the changes in the law:

1. Provide the full 30% tax credit for projects that were completed by December 31, 2007, with no caps placed on credit redemption. Part 3 Applications must be submitted to RIHPHC and fee paid on or before May 15, 2008. Projects that fail to meet this deadline will be treated under the new rules.
2. Restrict future eligibility to projects that submitted a Part 1 application to RIHPHC prior to January 1, 2008. Projects that submitted a Part 1 application to RIHPHC after December 31, 2007 will not be eligible for the program.
3. Require projects that want to continue in the program to pay an up-front processing fee ranging from 3% to 5% of Qualified Rehabilitation Expenditures, with 2.25% due on or before May 15, 2008, and the balance due on or before March 5, 2009.

4. Reduce the tax credit to between 27% to 25%, depending on other options chosen by developers. They would be given the option of paying a 3% processing fee and receiving a 25% credit; paying a 4% fee and receiving a 26% credit; or paying a 5% fee and receiving a 27% credit. (By comparison, through 2007 developers paid a 2.25% fee upon project completion and received a 30% credit).

5. On or before May 15, 2008, every project that continues in the program will enter into a contract with the Division of Taxation stating the amount of project Qualified Rehabilitation Expenditures, the tax credit percentage, and the amount of fees. The contract will constitute a State guaranty that the stated amount of tax credits will be available when earned. In a significant change from current law, projects will not be allowed to claim additional tax credits based on an increase in the Qualified Rehabilitation Expenditures. If final Qualified Rehabilitation Expenditures should be less than the amount stated in the contract, overpayment of fees will be refunded by the Division of Taxation.

6. RIHPHC will continue to review projects and certify compliance with the Secretary of the Interior's Standards for Historic Rehabilitation. The Division of Taxation will take over review of cost certifications, collect fees, and administer tax credit contracts for each project.

The goal of the legislation is to control the program's cost to the State Budget at a time of serious budget deficits without taking away the value of the tax credits to current and future holders of tax credit certificates. House Majority Leader Gordon Fox and House Finance Committee Chairman Steven Costantino have pledged their efforts to develop a new historic preservation investment tax credit program for future projects.

For more information about the National Register of Historic Places and other RIHPHC programs, please visit our web site at [www.preservation.ri.gov](http://www.preservation.ri.gov).